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SUBJECT: JORDAN TO COMPENSATE FARMERS FOR CROP LOSSES DUE TO RECENT FROST

11. (U) SUMMARY: The Government of Jordan (GOJ) decided on February 12 to allocate USD 14 million for compensation to farmers who sustained financial losses due to a two-week frost spell in January, the worst to hit the kingdom in over a decade. 5,000 farmers, and 12,000 of 30,000 hectares of cropland in the Jordan Valley, were affected. The intent of the payment and its early announcement is to reassure farmers already suffering from rising costs of living, and the high level of unemployment prevalent in the Jordan Valley. The average crop loss was 50 percent, while bananas and citrus were decimated. The prices for other cold-sensitive crops like tomatoes, cucumbers, potatoes, and eggplant doubled as a result of crop damage. The Ministry of Finance is preparing the final payment lists, and distribution is expected to occur before the end of February. This compensation program was not included in the 2008 budget. END SUMMARY.

12. (U) The Jordan Valley is a natural greenhouse, whose elevation ranges from 210 meters below sea level in the north near Lake Tiberius to 420 meters below sea level at the Dead Sea, giving the valley a unique ability to produce summer crops during winter and earn high returns for pre-season produce in regional and European markets. The valley's total agricultural area consists of 30,000 hectares, 19,000 of which are planted with vegetables -- zucchini, eggplant, potatoes, beans, and bell peppers predominate -- and the rest with bananas, citrus, and grains. Jordan exported 579,000 tons of fresh fruits and vegetables in 2006 worth USD 250 million; the volume increased to 732,000 tons in 2007. Despite being the country's breadbasket, the Jordan Valley is considered one of Jordan's largest poverty pockets as well. The weeks of cold weather and frost in January and early February had a devastating impact on crop production. 12,000 hectares suffered damage, and an estimated 5,000 farmers sustained financial losses. Local prices also jumped: fruits and vegetables increased by over 20 per cent, and there was a 100 percent hike for produce such as tomatoes, cucumber, potatoes, and eggplant.

13. (U) A committee composed of officials from the ministries of agriculture and finance; representatives from the governorates acting on behalf of the Ministry of Interior; the Jordan Valley Authority; and the Farmers Union set criteria for compensation. Factors for consideration include the scope and severity of damage, type of the crop, age of the damaged crops, percent damage of the cultivated area, and the rise in the crop's price due to diminishing supply. Farmers will not be compensated for losses below 30 percent as local price increases have offset the shortfall. Nor will farmers be compensated for dormant crops. GOJ authorities want to

provide financial compensation as soon as possible so that farmers can take advantage of current rainy conditions to catch up on the growing season and make up their losses.

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